

*Rev 78-3572*

9 NOV 1973

MEMORANDUM FOR: Chairman, ADMAG  
FROM : F. W. M. Janney  
Director of Personnel  
SUBJECT : Dental Insurance

1. This is in response to your memorandum concerning the feasibility of a Government Employees Health Association (GEHA) dental plan.

2. As you may recall, GEHA offered dental insurance to its members from 1963 to 1966. This dental insurance was operated as a separate plan, independent of GEHA's Association Benefit Plan (ABP) of health insurance. In its first year of operation, the dental plan suffered financial losses primarily because those employees who had immediate dental needs joined the plan and those who did not ignored the plan. It was apparently a case of "adverse selection." Despite these losses, the underwriter of the dental plan agreed to continue it for another year, expecting that those employees who did not join the plan before would be attracted to it because of the benefits paid to the first year participants. On the contrary, however, the increase in enrollment the second year resulted in increased losses. With claims at 138% of premium, the underwriter cancelled further operation of the plan. The plan could have been a success if it had enjoyed enrollment by a major portion of the Agency population - but allowing participation by only those who knew they would receive more in benefits than they would pay in premium resulted in financial failure. The success of many dental plans lies in the fact that they cover (and therefore receive premium for) all of those eligible, as for example, when a company pays for the dental coverage of all of its employees as a result of a union negotiated fringe benefit.

3. The only way that we could produce the broad participation necessary in order to insure success of our own dental plan would be to add the dental benefits to our own health insurance plan. Ignoring for the moment the problems this would

create (e. g., personnel under cover would be forced into this dental coverage whether they wanted it or not) we have explored the possibility of a modest addition of dental coverage with the U. S. Civil Service Commission with whom we must contract annually. We learned from the Commission that for 1979, and perhaps beyond, both the Commission and the Office of Management and Budget preclude Federal Employees Health Benefit Program benefit improvements (such as the addition of a dental plan) which would require an increase in the government contribution to a plan's premium. The Commission's Bureau of Retirement, Insurance and Occupational Health further advised that the projected expense of a conservative family dental plan (excluding orthodontic) would add \$10 - \$12 biweekly to the health insurance premium.

4. GEHA's Association Benefit Plan does provide dental benefits limited to dental services and treatment (including initial replacement of natural teeth and dental x-rays) for repair of accidental injury to the jaw or sound natural teeth. Also covered is the removal of impacted teeth. These benefits compare favorably with other major Federal health insurance plans available to employees under the Federal Employees Health Benefits Program. There are three federal employee health plans (Aetna, Postmasters Benefit and Mailhandlers Benefit Plans) which offer some additional dental benefits but their limitations and special provisions should be carefully read and viewed in context with the entire benefit structure of the plan.

5. I am sure that many employees share [REDACTED] 25X1A interest in a dental insurance plan but because of the significant impact on premiums and the current restrictions on adding such benefits to a Federal Employees Health Benefits Program plan, it does not appear that GEHA can add a dental plan in the near future. This matter will, however, again be reviewed by GEHA during the 1979 contract year.

6. Your suggestion that an employee bulletin be issued on this subject is a good one. The substance of this memorandum will be issued as a bulletin in the near future.

25X1A

[REDACTED]  
F. W. M. Janney

# ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Dental Insurance

FROM: F. W. M. Janney  
 Director of Personnel  
 5 E 58, Hq.

EXTENSION  
 6825

NO. *Pur 78-3572*

DATE

9 NOV

TO: (Officer designation, room number, and building)

25X1A

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. *[Redacted]*  
 Chairman, ADMAG  
 c/o Office of Communications

2. 3 B 14G, *[Redacted]*  
 25X1A

3. *[Redacted]*  
*DA/ODP 2000*

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FORM 3-62

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